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Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, SW  
Washington, DC 20554

Re: CC Docket Nos. 01-338, 96-98, and 98-147

Dear Ms. Dortch:

Attached please find a letter sent to Chairman Michael Powell and Commissioners Kathleen Q. Abernathy, Michael J. Copps, Kevin J. Martin, and Jonathan S. Adelstein. I would appreciate it if you would please place a copy in each of the dockets noted above.

Please let me know if you have any questions.

Sincerely,

Suzanne Yelen

Attachment



Vice President  
Legal and Regulatory Affairs

December 24, 2002

Honorable Michael Powell  
Chairman  
Federal Communications Commission ✓  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: CC Docket Nos. 01-338, 96-98, and 98-147, Competition in Puerto Rico

Dear Chairman Powell:

The record in this proceeding unquestionably supports the elimination of local switching and—as a result—UNE-P. The evidence documents that the use of competitive facilities-based local switching is persuasive: CLECs readily can and do deploy their own switches, provisioning well-over 1300 switches. Facilities-based CLECs, using their own switches and purchasing UNE loops ("UNE-L") already serve lines in 86 percent of the wire centers throughout the country and have captured at least three million residential customers—a number that is growing rapidly. In sum, the record in this proceeding requires the Commission to de-list unbundled switching and UNE-P everywhere.

Even so, WorldNet, a CLEC, has argued that the Commission should adopt an exception for Puerto Rico and retain unbundled switching and UNE-P allegedly because competition has not developed there. Nothing could be further from the truth. Like the mainland, the evidence of competition in Puerto Rico proves that carriers are not impaired without unbundled local switching. Indeed, competing carriers are using their own local switches to serve customers in Puerto Rico. For example, one CLEC, Centennial—which is also a cable company—has deployed at least three host switches (with a fourth soon to be activated) and nine remotes in Puerto Rico. This facilities-based carrier has taken both business and residential customers from Puerto Rico Telephone Company ("PRTC"). This market evidence demonstrates that competition without UNE-P is economical and feasible in Puerto Rico, as it is in the mainland. In addition to deploying facilities to provide telephone services, Centennial and Liberty Cable are competing with PRTC's DSL offerings by providing cable modem services in Puerto Rico.

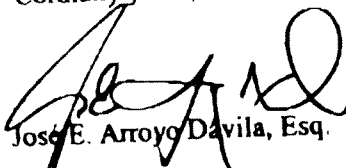
Inter-modal competition is also thriving in Puerto Rico. Wireless is a true, inter-modal alternative to wireline phone service. In fact, the number of wireless phones (approximately 1.4 million) exceeds the number of wireline phones (approximately 1.3 million). Because of our Island's size, wireless has numerous advantages: the coverage is close to ubiquitous with the exception of a few pockets in the mountainous areas, the service is reliable, and the quality is as good as that of wireline phones. The six wireless carriers in Puerto Rico vigorously compete for subscribers, with competitive prices and attractive packages that include long distance and local bundles. Wireless calls are a particularly strong form of competition in Puerto Rico because they allow consumers to avoid intra-island toll charges. Not surprisingly, the market evidence documents that countless numbers of consumers in Puerto Rico have replaced their wireline phone with wireless.

The Commission should de-list switching and UNE-P in Puerto Rico in order to advance the Act's core goal of encouraging investment and facilities-based competition. The record in this proceeding is replete with evidence that unbundling—especially UNE-P—deters investments by ILECs and CLECs alike. Such evidence includes concrete market data, as well as findings by the D.C. Circuit, a number of economists, and manufacturers. Removing obstacles to investment is particularly important in Puerto Rico because of the need to upgrade and expand the infrastructure and the unique challenges posed by the Island's location.

Because of the vibrant inter-modal and facilities-based intra-modal competition in Puerto Rico, carriers are not impaired without access to UNE-P and unbundled switching. The Commission accordingly may not, consistent with its statutory obligations, impose unbundling obligations. Instead, the Commission must de-list such elements and establish a clear national policy limiting such unbundling. The Commission should also make clear that local regulators like the Telecommunications Regulatory Board of Puerto Rico may not override that national policy. If the Commission deems a transition plan necessary, PRTC supports the plan proffered by Verizon to transition UNE-P to resale rates over a twelve-month period.

I hope this background sheds some light on the competitive situation in Puerto Rico. Please contact the undersigned if you have any additional questions or concerns.

Cordially yours,



José E. Arroyo Davila, Esq.

cc

Commissioner Kathleen Q. Abernathy  
Commissioner Michael J. Copps  
Commissioner Kevin J. Martin  
Commissioner Jonathan S. Adelstein